

Message Text

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DRAFTED BY EB/OF/FPD-RSSIMPSON/LS

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P R 192251Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY MADRID PRIORITY

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O. 11652:

TAGS:EAGR, ETRD

SUBJECT: VARIABLE LEVIES ON SOYBEANS AND SOYBEAN PRODUCTS

REF: (A) MADRID 6318 (B) MADRID 6640 (C) MADRID 6668

(D) STATE 208284

1. IN FOLLOWING UP STATUS OF DIPLOMATIC NOTE PRESENTED TOMAS CHAVARRI, EMBASSY MAY NOTE USG ENCOURAGED BY WHAT APPEARS TO BE SUSPENSION OF VARIABLE LEVY ON A SPECIFIC QUANTITY OF SOYBEANS SCHEDULED FOR IMPORTATION DECEMBER-JANUARY.

GOS RESPONSE TO US REPRESENTATION SHOULD, OF COURSE, PROVIDE ASSURANCE DECISION TO EXEMPT SOYBEANS AND PRODUCTS FROM VARIABLE LEVY REPRESENTS LONGTERM POLICY DECISION

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AND SHOULD NOT LEAVE IMPRESSION ACTION IS OF A TEMPORARY

NATURE AS IMPLIED IN REF C. EMBASSY SHOULD MAKE POINT THAT AS LONG AS VLS REMOVED ONLY ON A SPECIFIC QUANTITY OF SOYBEANS, OR ARE ONLY SUSPENDED, TARIFF CONCESSIONS GRANTED TO US WOULD CONTINUE TO BE ADVERSELY AFFECTED.

2. GOS DECISION IMPOSE VARIABLE LEVY ON THESE PRODUCTS WAS FORMALIZED THROUGH PUBLICATION IN OFFICIAL STATE GAZETTE. UNLESS SOYBEANS AND MEAL NOW REMOVED BY SIMILAR FORMAL ACTION FROM LIST OF ITEMS SUSCEPTIBLE TO VLS, US EXPORTERS WILL NOT BE ABLE CONTRACT FOR FORWARD SALES TO SPAIN

WITHOUT RISK THAT VLS MAY BE IN EFFECT WHEN PRODUCT ARRIVES. AS RESULT THIS ELEMENT OF UNCERTAINTY, US TRADE WOULD CONTINUE TO BE ADVERSELY AFFECTED.

3. IN DISCUSSIONS WITH CHAVARRI OR OTHER APPROPRIATE GOS OFFICIALS, EMBASSY SHOULD NOTE THAT SOYBEAN TRADE AND CRUSHING OPERATIONS IN SPAIN WILL CONTINUE TO BE RESTRICTED SO LONG AS GOS MAINTAINS SHORT-TERM MARKET REGULATIONS THAT CREATE UNCERTAINTIES FOR ALL PARTIES. SPANISH CRUSHERS CANNOT MAXIMIZE DOMESTIC MARKETING OPPORTUNITIES AS LONG AS GOS MAINTAINS DOMESTIC MARKETING QUOTASON SOYBEAN OIL(SOYBEAN OIL IS THE ONLY VEGETABLE OIL SUBJECT TO SUCH QUOTAS). AS INDICATED PARAGRAPH 3, REF D, USG CONTINUES TO VIEW WITH CONCERN GOS REGULATIONS WHICH, TAKEN TOGETHER, SUBJECT SOYBEANS AND PRODUCTS TO DISCRIMINATORY TREATMENT; THE USG CONTINUES TO RESERVE ITS GATT RIGHTS IN THIS REGARD.

4. IN VIEW FOREGOING, EMBASSY REQUESTED ASCERTAIN WHETHER SUBSIDY POLICY, CEILING PRICES OR OTHER REGULATIONS COULD HAMPER EXPECTED RESUMPTION OF SOYBEAN IMPORTS AND CRUSHING DURING DEC-JAN (REF C). EMBASSY SHOULD REPORT DETAILS OF WHAT CHANGES, IF ANY, HAVE BEEN MADE TO DATE, WHAT FURTHER CHANGES ARE PLANNED AND WHEN, AND HOW SYSTEM WILL WORK. THIS NEEDED ASAP, IF POSSIBLE BEFORE MEETING BETWEEN SECRETARY BUTZ AND AMBASSADOR RIVERO ON WED. NOV. 21 AT 4:00PM. KISSINGER

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Message Attributes

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